

LIST OF ABBREVIATION

ADB	Asian Development Bank	LEPNRM	Law on Environment Protection and Natural Resource Management
AFA	ASEAN Federation of Accountants	MEF	Ministry of Economy and Finance
AFTA	ASEAN Free Trade Agreement	METI	Ministry of Economy, Trade and Industry
ASEAN	Association of Southeast Asian Nations	MFN	Most Favored Nation
BV	Bureau Veritas	MIGA	Multilateral Investment Guarantee Agency
CAS	Cambodian Accounting Standards	MIME	Ministry of Industry, Mines and Energy
CDC	Council for the Development of Cambodia	MOC	Ministry of Commerce
CED	Customs and Excise Department	MOFA	Ministry of Foreign Affairs
CEPT	Common Effective Preferential Tariff	MPTC	Ministry of Posts and Telecommunications
CIB	Cambodian Investment Board	MWh	Mega Watt Hour
CPP	Cambodian People's Party	NAC	National Accounting Council
CRC	Conditional Registration Certificate	NIS	National Institute of Statistics of Cambodia
CSA	Cambodian Standards on Auditing	NR	National Road
CSEZB	Cambodian Special Economic Zone Board	PAS	Port Authority of Sihanoukville
EAC	Electricity Authority of Cambodia	PMIS	Provincial-Municipal Investment Sub-Committee
EBA	Everything-But-Arms Initiative	PPA	Power Purchase Agreement
EDC	Electricite Du Cambodge	PSI	Pre-Shipment Inspection
EIA	Environmental Impact Assessment	QIP	Qualified Investment Project
EPZ	Export Promotion Zone	REE	Rural Electricity Enterprises
EU	European Union	RGC	Royal Government of Cambodia
FAO	Food and Agriculture Organization	ROO	Rules of Origin
FDI	Foreign Direct Investment	SAD	Single Administrative Document
FRC	Final Registration Certificate	SEZ	Special Economic Zone
FTA	Free Trade Agreement	SEZ TSC	Special Economic Zones Trouble Shooting Committee
GDP	Gross Domestic Product	SPZ	Special Promotion Zone
GNI	Gross National Income	SRP	Sam Rainsy Party
GSP	Generalized System of Preferences	UN	United Nations
GVA	Gross Value Added	UNCITRAL	United Nations Commission on International Trade Law
HFO	Heavy Fuel Oil	UNCTAD	United Nations Conference on Trade and Development
IBRD	International Bank for Reconstruction and Development	UNESCO	United Nations Educational, Scientific and Cultural Organization
IDA	International Development Association	UNIDO	United Nations Industrial Development Organization
IFC	International Finance Corporation	UPU	Universal Postal Union
ILO	International Labour Organization	USTR	Office of the United States Trade Representative
IMF	International Monetary Fund	VoIP	Voice over Internet Protocol
IPP	Independent Power Producers	WB	World Bank
IPR	Intellectual Property Rights	WCO	World Customs Organization
ITU	International Telecommunication Union	WHO	World Health Organization
KICPAA	Kampuchea Institute of Certified Public Accountants and Auditors	WIPO	World Intellectual Property Organization
kWh	Kilo Watt Hour	WTO	World Trade Organization
Lao PDR	Lao People's Democratic Republic		
LDC	Least Developed Country		
LDO	Low Drop Out		

I BASIC INFORMATION ON CAMBODIA

I-1 Geography and Climate

Geography

Cambodia is situated on the southwestern part of the Indochina peninsula. It shares a 2,615 km boarder with Vietnam (1,270 km), Thailand (805 km), and Laos (540 km). Its total area is 181,035 square kilometers, which is about half the area of Japan.

Climate

Cambodia has a tropical monsoon climate with two seasons: a wet season from May to October and a dry season from November to May. The annual average temperature is about 27.7 degrees centigrade, and the average temperature exceeds 30 degrees centigrade in the hottest months, April and May.

I-2 Political System

Cambodia is a constitutional monarchy. The present King, His Majesty Norodom Sihamoni, acceded to the throne in 2004.

The Constitution stipulates that Cambodia adopts a policy of liberal democracy and pluralism, and that the Cambodian people are masters of the country. The Constitution also sets out that the power of the Legislative, Executive and Judicial branches shall be separated. (Article 51)

The country has a bicameral legislature, which consists of the National Assembly and the Senate. The latest elections for the National Assembly and Senate were held in 2003 and 2006, respectively. The seats of the National Assembly are occupied by the Cambodian People's Party (CPP) with 73 seats, FUNCINPEC with 26 seats and the Sam Rainsy Party (SRP) with 24 seats. In the Senate, the CPP holds 45 seats, FUNCINPEC 10 and SRP 2.

In 2004, one year after the latest general election, a coalition Government was formed by the CPP and FUNCINPEC because none of the parties could gain a two-third majority in the National Assembly as the Constitution requires.

(Note: In 2006, the Constitution was amended so that a party that gains an absolute majority in the general election now can form the government.)

I-3 Legal System

Legal hierarchy

In the current legal system in Cambodia, the hierarchy of laws and

regulations is understood as shown in Table I-1.

Legislation process

The process of legislation by a member of the National Assembly is shown in the flow chart in Figure I-1. After the adoption by the National Assembly, the Senate reviews the law, followed by the Royal Decree of the King to promulgate the Law.

I-4 International Relations

Foreign Policies

The Constitution declares a policy of permanent neutrality and non-alignment for Cambodia. The Kingdom of Cambodia follows a policy of peaceful co-existence with its neighbors and with all other countries throughout the world, shall not invade any country, or interfere in any other country's internal affairs, directly or indirectly, and shall solve all problems peacefully with due respect for mutual interests. The Kingdom of Cambodia shall not joint in any military alliance or military pact that is incompatible with its policy of neutrality. (Article 53)

Membership in Major International Organizations

Cambodia joined the UN in 1955. After the prolonged civil war was ended in the early 1990's, the pace at which Cambodia joined various international economic organizations picked up. Table I-2 shows some of the Cambodia's membership in international organizations to which Cambodia belongs. In addition, Cambodia is also a member of FAO, IMF, Interpol, UNCTAD, UNESCO, UNIDO, WHO, etc.

I-5 Social Climate

Population

The estimated national population in 2006 is 14 million with a growth rate of 1.8 %. Phnom Penh, the capital and the largest city, has a population of 1,169,800.

Ethnic groups

The majority are Khmer (90 %). Small ethnic groups include Cham, Vietnamese and Chinese.

Religion

Buddhism is established as a national religion by the Constitution (Article 43, The Constitution) and 90 % of the population is Buddhist. Other religions practiced in Cambodia include Islam,

Table I-1 Legal Hierarchy in Cambodia

1) The Constitution: The Supreme Law of the Kingdom of Cambodia
2) Treaties and Convention: According to Article 26 of the Constitution, the King shall sign and ratify international treaties and conventions, following the approval of the National Assembly. After such ratification, international treaties and conventions shall become one of the basis for judicial decisions.
3) Laws (Chhbab): Laws adopted by the National Assembly
4) Royal Decree (Reach Kret): To be issued under the name of the King for executing his constitutional powers
5) Sub-Decree (Anu-Kret): To be signed by the Prime Minister and countersigned by the Minister(s) in charge after adoption by the Cabinet Meeting. The Prime Minister can use this in exercising his own regulatory powers.
6) Ministerial Order (Prakas): To be issued by members of the government in exercising their own regulatory powers.
7) Decision (Sechdei Samrech): Individual decision of the Prime Minister and Decision (Prakas-Deika) of a Minister or a Governor, which is used in exercising his own regulatory powers.
8) Circular (Sarachor): In general, to be issued by the Prime Minister as head of government, and by a minister as an official of the ministry either to explain or clarify certain legal regulatory measures or to provide instructions
9) Provincial Deka (Arrete): To be used by a provincial governor within the geographical limits of his province

Figure I-1 Process of Legislation by Member of National Assembly

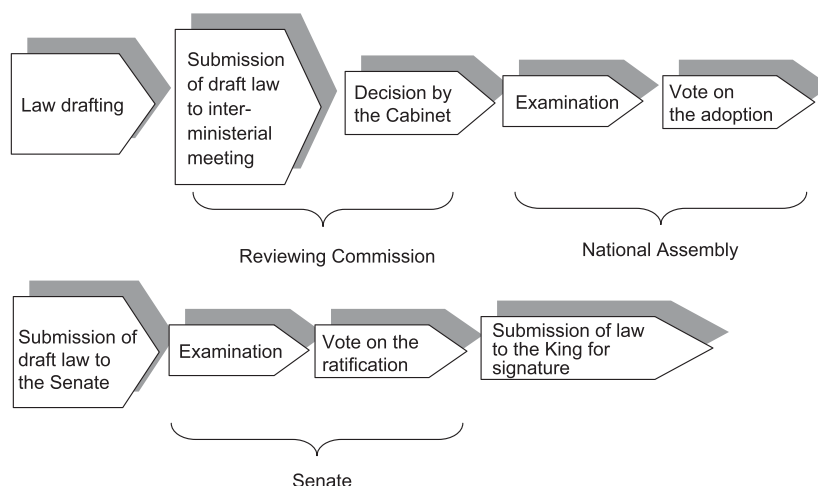


Table I-2 Membership of Major International Organizations

Organization	Member Since
International Telecommunication Union (ITU)	1952
United Nations (UN)	1955
Asian Development Bank (ADB)	1966
Universal Postal Union (UPU)	1969
International Bank for Reconstruction and Development (IBRD)	1970
International Development Association (IDA)	1970
World Intellectual Property Organization (WIPO)	1995
International Finance Corporation (IFC)	1997
Multilateral Investment Guarantee Agency (MIGA)	1999
Association of Southeast Asian Nations (ASEAN)	1999
International Labour Organization (ILO)	1999*
World Customs Organization (WCO)	2001
World Trade Organization (WTO)	2004
International Centre for Settlement of Investment Disputes (ICSID)	2005

Note: * Cambodia ratified six fundamental conventions of the ILO in 1999.

Table I-3 Public Holidays in Cambodia in 2006

1 January	: International New Year Day
7 January	: Victory Day over the Genocide Regime
13 February	: Meak Bochea Day
8 March	: International Women's Day
14 to 16 April	: Khmer New Year
1 May	: International Labour Day
12 May	: Visak Bochea Day
13 to 15 May	: Birthday of His Majesty Preah Bat Samdech Preah Borromneath Norodom Sihamoni
16 May	: Royal Ploughing Ceremony
18 June	: Birthday of Her Majesty Queen Mother Norodom Monineath Sihanouk of Cambodia
21 to 23 September	: Pchum Ben Day
24 September	: Constitution's Day
29 October	: Coronation's Day of H.M Preach Bat Samdech Preah Boromneath Norodom Sihamoni, the king of Cambodia
31 October	: Birthday of His Majesty King-Father Norodom Sihanouk of Cambodia
4 to 6 November	: Water Festival
9 November	: Independence Day
10 December	: International Human Right Day

Christianity and others.

Language and literacy

The official language is Khmer. Literacy rates in 2002 were 69.4 % in total, 80.8 % for males, and 59.3 % for females.

Education system

The educational system in Cambodia consists of elementary school (grade 1 to 6), junior high school (grades 7 to 9), senior high school (grades 10 to 12) and university and other institutions of higher education. Compulsory education is until grade 9. Although the elementary school attendance rate marks quite high especially in urban areas, the rate of junior high school attendance is only 40 % and high school 10 %.

Currency

Although the official national currency is the Riel, US dollars are commonly used in business and commercial transactions.

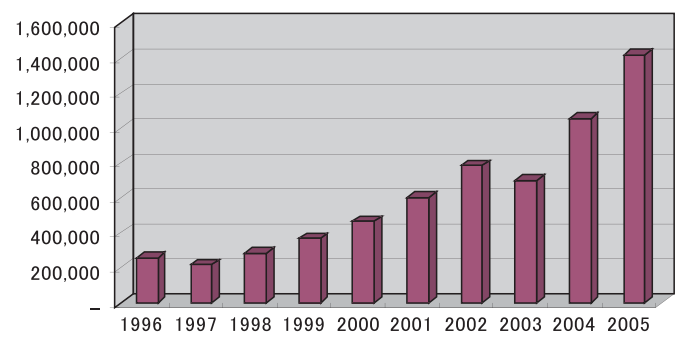
Public holidays

Public holidays in 2006 are as shown in Table I-3.

I-6 Tourism

The number of tourists in Cambodia reached 1.4 million in 2005, which was six times more than the figure for a decade earlier.

Figure I-2 Grand Total of Tourists in Cambodia



Source: Ministry of Tourism